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Annual report of the United Nations High Commissioner for Human Rights and reports of the Office of the High Commissioner and the Secretary-General

Promotion and protection of all human rights, civil, Political, economic, social and cultural rights, including the right to development

Report of the Secretary-General on the challenges, strategies and developments with regard to the implementation of the resolution 21/5 by the United Nations system, including programmes, funds and agencies

Addendum 1

Study on the feasibility of a global fund to enhance the capacity of stakeholders to implement the Guiding Principles on Business and Human Rights*

* The present document is being circulated in the language of submission only.

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I. Introduction

1. In early 2011, prior to the Human Rights Council's decision to endorse the Guiding Principles and establish a new independent expert working group and annual forum on business and human rights, the Secretary-General's Special Representative on business and human rights recommended that the Council give consideration to establishing a voluntary fund for business and human rights, with the primary purpose of addressing the capacity building needs of relevant actors for implementation of the Framework and the Guiding Principles.[1]

2. The Special Representative recommended at the time that the activities of such a fund should be overseen by a multi-stakeholder steering committee appointed by the High Commissioner or the Secretary-General, in consultation with the Human Rights Council. The Special Representative also proposed that a new fund would provide a mechanism for supporting a wide range of projects designed to increase the capacity of governments, national human rights institutions, business enterprises and groups, trade unions, non-governmental organizations and others seeking to advance implementation of the Guiding Principles. It was also suggested that proposals might be submitted and filtered through United Nations Country Teams, which could help identify those with maximum likely impact and assist in monitoring their results. Finally, the Special Representative proposed that a fund steering committee should be able to call on external research and expertise and be serviced by a secretariat, administered by the Office of the High Commissioner for Human Rights (OHCHR) and funded by contributions to the fund, which could come from both governmental and private sources.

3. In its resolution[2] endorsing the Guiding Principles, the Council requested the Secretary-General to prepare a report on how the United Nations system as a whole could contribute to advancing the business and human rights agenda and the dissemination and implementation of the Guiding Principles, "addressing in particular how capacity-building of all relevant actors to this end can best be addressed within the United Nations system".[3]

4. Pursuant to that request, the Secretary-General submitted a report[4] in 2012, which provided an overview of current activities by the United Nations system of relevance to business and human rights and explored how the Guiding Principles could be effectively integrated into specific areas of work, including by ensuring alignment of United Nations policies and procedures. The Secretary-General's report noted that supporting efforts to promote capacity-building among relevant actors is one of the tasks assigned to the Working Group on the issue of human rights and transnational corporations and other business enterprises, but clearly it alone cannot carry out the necessary activities given the scale of the task.

5. In terms of the wider United Nations system, the Secretary-General's report highlighted that while a range of ongoing implementation initiatives by United Nations actors are important, they remain limited in scope and there was as yet no overarching organizational strategy in this respect, thus risking incoherence and fragmentation of efforts

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[1] The Special Representative of the Secretary-General (SRSG) on the Issue of Human Rights and Transnational Corporations and other Business Enterprises, Recommendations on Follow-Up to the Mandate, 11 February 2011. http://www.business-humanrights.org/media/documents/ruggie/ruggie-special-mandate-follow-up-11-feb-2011.pdf.

[2] A/HRC/RES/17/4, 6 July 2011.

[3] A/HRC/RES/17/4, para. 11.

[4] A/HRC/21/21, 2 July 2012.

to embed the business and human rights agenda more broadly. The Secretary-General expressed the concern that in the absence of a coordinated strategic effort to integrate the Guiding Principles into existing policy and coordination bodies across the United Nations system, this agenda may not reach the necessary scale nor realize its full potential for impact.[5]

6. In addition to the need for greater capacity and alignment on the business and human rights agenda within the United Nations system itself, the Secretary-General's report discussed the range of capacity-building challenges facing Governments, small and medium size enterprises, national human rights institutions, non-governmental organizations, trade unions, human rights defenders and other stakeholders, including individuals and groups that may be adversely affected by business activity. The report stressed that a core focus of capacity-building efforts should be to support groups that are particularly vulnerable to discrimination or to adverse effects arising from business activities, including indigenous peoples, migrants, women and children. It also highlighted the need to strengthen the capacity of human rights defenders, in particular with regard to access to effective remedies.[6]

7. The Secretary-General's report made clear that the scale of the capacity-building challenge in this area is immense and cannot be carried out by the United Nations system alone. The report suggested that the need to create a significant capacity and funding base to enable large-scale interventions in this area would require the involvement and support of stakeholders outside the United Nations. The Secretary-General pointed out that a public-private partnership, modeled on efforts to address other global challenges, might be relevant for the design of a strategic response to address capacity-building needs in the area of business and human rights.[7]

8. The Secretary-General recommended that, given the scale of the challenge and the resource implications of meeting it: "...the feasibility of establishing a global fund on business and human rights linked to the United Nations, with multi-stakeholder engagement, should be considered. The primary purpose of such a fund would be, both within and outside of the United Nations system, to enhance the capacity of stakeholders seeking to advance the implementation of the Guiding Principles."

9. In its resolution 21/5[8], the Human Rights Council requested the Secretary-General to prepare a study to explore the feasibility of establishing a global fund to enhance the capacity of stakeholders to advance the implementation of the Guiding Principles. The Council requested that the study should explore relevant issues including how to secure multi-stakeholder engagement, governance models and funding options and that stakeholders should be involved in the study's preparation through a consultative process using existing channels.[9]

10. This report has been prepared pursuant to Council resolution 21/5. In preparation of the report, the OHCHR requested[10] all States and United Nations mechanisms, bodies, specialized agencies, funds and programmes and other relevant stakeholders to submit their views and recommendations. In addition to the call for written submissions, OHCHR

[5] A/HRC/21/21, para. 28.
[6] A/HRC/21/21, para. 68.
[7] A/HRC/21/21, para. 74.
[8] A/HRC/RES/21/5, 16 October 2012.
[9] A/HRC/RES/21/5, para. 11.
[10] http://www.ohchr.org/Documents/Issues/Business/StudyFeasibilityfund/19_12BHR FeasibilityStudyCapacityBuildingFund_CallforInputs.pdf.

organized a consultation session on the potential for a fund during the second annual United Nations Forum on Business and Human Rights in December 2013.

11. In the present report, the Secretary-General seeks to advance multi-stakeholder dialogue and action concerning a new fund in this area, first by providing a brief contextual and illustrative overview of existing models of United Nations funds relating to human rights, as well as independently established funds with links to the United Nations system. A section summarizing the perspectives of stakeholders who participated in the consultation process follows this. The report concludes by offering a number of proposed next steps for consideration by the Human Rights Council.

II. Overview of existing United Nations voluntary funds addressing human rights issues

12. The United Nations human rights system has extensive experience in establishing and administering voluntary funds on specific issues. Some of the voluntary funds administered by OHCHR focus on providing financial support to civil society actors who assist the victims of human rights violations, such as the United Nations Voluntary Fund for Victims of Torture and the Voluntary Trust Fund on Contemporary Forms of Slavery. The Voluntary Fund for Indigenous Populations facilitates the participation of individuals and organizations in the activities of United Nations human rights bodies and mechanisms. Each of these funds is administrated by the Secretary-General with the advice of a Board of Trustees, composed of five experts (a Chairperson and four other members from the five regional groups). The OHCHR Secretariat of the Funds prescreens applications received, monitors and evaluates the use of grants and provides support to the Funds' Board of Trustees during their annual sessions.

13. Voluntary contributions to support OHCHR activities at headquarters and in the field are managed through other funds including: the United Nations Trust Fund for the Support of the Activities of the High Commissioner for Human Rights; the United Nations Voluntary Fund for Technical Cooperation in the Field of Human Rights; the United Nations Trust Fund for a Human Rights Education Programme in Cambodia; the United Nations Trust Fund for the Programme of the Decade for Action to Combat Racism and Racial Discrimination; the United Nations Voluntary Fund for Participation in the Universal Periodic Review mechanism; the United Nations Voluntary Fund for Financial and Technical Assistance for the Implementation of the Universal Periodic Review; and a fund to respond to human rights emergencies through the rapid deployment of human rights personnel and the provision of necessary logistical support.

14. Most recently, a Special Fund of the Optional Protocol to the Convention Against Torture[11] was established pursuant to article 26 of the Optional Protocol to the United Nations Convention Against Torture, to assist States parties to the Optional Protocol with implementation of recommendations made by the Subcommittee on Prevention of Torture and other Cruel, Inhuman or Degrading Treatment or Punishment. As is the case with all of the funds administered by OHCHR, the Special Fund is governed in accordance with the Financial Regulations and Rules of the United Nations and may receive voluntary

[11] http://www.ohchr.org/EN/HRBodies/OPCAT/Pages/SpecialFund.aspx.

contributions from Governments, intergovernmental and non-governmental organizations and other private or public entities.[12]

15. In addition to the Voluntary Funds managed by OHCHR, a significant number of other United Nations Funds have been established in recent years which also support human rights objectives. For example, following the United Nations World Summit in 2005, the United Nations Democracy Fund (UNDEF)[13] was established to strengthen the voice of civil societies, promote human rights, and encourage participation in democratic processes. Preference under UNDEF is given to projects implemented directly by civil society organizations. However, projects implemented, as appropriate, by government bodies, national constitutional bodies, regional entities, intergovernmental bodies and United Nations entities are also eligible for funding.

16. UNDEF is administered in accordance with United Nations Financial Regulations and Rules. The United Nations Office for Partnerships (UNOP) provides all financial management and administrative services on a reimbursable basis. An Advisory Board established by the Secretary-General provides policy guidance for the development of programme frameworks and funding guidelines, considers proposals for funding and makes recommendations on funding for approval by the Secretary-General. The UNDEF Advisory Board includes the seven largest Member State contributors as well as the Executive Director of UNOP, who serves in an ex officio capacity. Six other Member States are also appointed to reflect diverse geographical representation, including one Small Island Developing State; three individual members; and two representatives of civil society organizations. A Programme Consultative Group (PCG) provides advice to the Advisory Board on programme funding criteria and on project proposals, through the Executive Head of the Office of the UNDEF. Senior representatives from up to seven relevant United Nations system organizations, including OHCHR, appointed by the Secretary-General, serve on the PCG.

17. The United Nations also manages a number of Multi-Partner Trust Funds (MPTFs), managed by the United Nations Development Programme's Multi Partner Trust Fund Office, which are increasingly set up to enhance coherence and efficiency at the country- and global levels and to increase joint United Nations activities.[14] MPTFs are designed to fit the realities of a specific country or global situations. Nevertheless, they tend to have features in common, including involvement of a broad range of stakeholders, including national authorities, contributors/partners, and participating United Nations agencies in the decision-making process, as appropriate. MPTFs typically have the following governance elements: a policy body, comprising national authorities, the United Nations (and the World Bank where it is involved), which sets the policy for the fund;; a technical secretariat that reviews programmes and projects submitted for funding; and a multi-stakeholder or similar entity (steering committee) that makes funding decisions.

18. One example of such a fund is the United Nations Peacebuilding Fund[15], which was launched in 2006 to support activities, actions, programmes and organizations that seek to build a lasting peace in countries emerging from conflict. The Fund is currently supporting more than 200 projects in over 25 countries. Overall management responsibility for the Peacebuilding Fund rests with the United Nations Peacebuilding Support Office, which

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[12] A summary of all Voluntary Funds administered by OHCHR is available at: http://www2.ohchr.org/english/ohchrreport2012/web_en/allegati/12_Funds_administered_by_OHCHR.pdf.

[13] http://www.un.org/democracyfund/terms-reference.

[14] For an overview of current Multi-Party Trust Funds, see http://mptf.undp.org/overview/funds.

[15] http://www.unpbf.org/.

approves projects and programs and monitors implementation. The United Nations Development Programme's Multi Partner Trust Fund Office administers the Fund. An independent Advisory Group made up of 10 eminent persons appointed by the Secretary-General, all with peacebuilding experience, provides advice and oversight.

19. The Peacebuilding Fund supports a range of projects including those addressing disarmament, demobilization and reintegration, as well as strengthening prisons, police forces and peacetime militaries. Other priorities for the Fund include projects that support good governance and promote national dialogue and reconciliation, as well as those that foster economic revitalization through the promotion of partnerships with the private sector, the development of micro-enterprises, youth employment schemes and the management of natural resources. The Peacebuilding Fund also supports projects that rebuild basic infrastructure, such as energy, transportation, safe drinking water and proper sanitation.

20. The approach taken by the Peacebuilding Fund is to provide resources to the United Nations Secretariat and agencies for implementation of projects developed in identified priority countries. Civil society organizations cannot access the Fund directly, but may implement projects through partnership arrangements with eligible United Nations agencies and organizations. All proposals must be submitted and endorsed by the office of the senior United Nations representative in the respective eligible countries, irrespective of the proposed recipient agencies. The Peacebuilding Fund does not seek to enhance the capacity of the United Nations to undertake peacebuilding activities but instead focuses on responding to country identified peacebuilding priorities, (via United Nations-sponsored programming) to deliver assistance.

21. Another model can be seen in the Fund for Gender Equality, which was established in 2009 alongside the existing United Nations Trust Fund to End Violence Against Women. Both of these funds are managed by the secretariat of UN Women. Since its launch, the Fund for Gender Equality has awarded USD $56.5 million to 96 grantee programmes in 72 countries.[16] The Secretariat of the Fund for Gender Equality is guided by a high-level Steering Committee composed of a rotating group of representatives from donor and programme countries, civil society organizations and multilateral agencies. The Steering Committee, co-chaired by the Executive Director of UN Women, advises on the Fund's overall design, policies and vision and ratifies grant awards.

22. The Fund for Gender Equality supports women's community-based, national or regional non-governmental organizations. Local or national governmental entities such as ministries of gender equality, finance, labour and justice; human rights and electoral commissions; local governments; and parliamentary caucuses are also eligible to apply under the Fund. Partnerships between a women-led non-governmental organization and a government entity or agency, as well as partnerships between two non-governmental or governmental entities are also permitted. The Fund supports multi-country as well as regional programmes. However, because the Fund for Gender Equality focuses on supporting local efforts and partnerships, international or inter-governmental agencies, United Nations and international financial institutions, private enterprises, large international non-governmental organizations, research institutions, think tanks or academic institutions are not eligible for support under this Fund.

23. Another example of a recently established fund is the United Nations Voluntary Trust Fund for Victims of Trafficking in Persons, Especially Women and Children.[17] This Fund, established by the General Assembly in 2010 as part of the United Nations Global

[16] http://www.unwomen.org/en/trust-funds/fund-for-gender-equality/about#sthash.yOdT24F5.dpuf.

[17] http://www.unodc.org/unodc/en/human-trafficking-fund.html.

Plan of Action to Combat Trafficking in Persons, is similar in approach to OHCHR funds discussed above that support victims of human rights violations. It provides humanitarian, legal and financial aid to victims of trafficking through established channels of assistance, such as governmental, intergovernmental and non-governmental organizations. The Fund operates as a subsidiary fund of the United Nations Crime Prevention and Criminal Justice Fund managed by the United Nations Office on Drugs and Crime, and is administered in accordance with the Financial Regulations and Rules of the United Nations. This Fund also includes as part of its governance structure a cross-regional five-person group of experts appointed by the Secretary-General who serve as the Board of Trustees.

24. A final example, of direct relevance to the business and human rights agenda, is the Rana Plaza Donors Trust Fund[18], which was established in January 2014 in response to the Rana Plaza factory collapse in Bangladesh in April 2013. This fund has been established to pay the losses of the hundreds of victims of the Rana Plaza collapse, both injured workers and dependents of the deceased. The International Labour Organization is serving as the chair of the multi-stakeholder Coordinating Committee that will oversee the fund. The Committee is made up of Bangladeshi government officials and the Bangladeshi Employers' Federation as well as trade unions, civil society representatives and academic experts. International brands and retailers are making voluntary contributions into the fund, which is also open to contributions from all interested stakeholders.

25. As all of these illustrative examples make clear, an expanding number of human rights relevant United Nations voluntary funds now exist with diverse mandates. The experience of these and other United Nations trust funds should inform further dialogue amongst member States and other actors concerning the potential for a new dedicated fund to advance implementation of the Guiding Principles on Business and Human Rights.

26 In concluding this section, it should be noted as well that in addition to established voluntary trust fund mechanisms, the United Nations has continued to expand the reach and impact of its work through the creation of new public-private partnerships aimed at advancing key international objectives. For example, in the area of public health, the initial leadership of the World Health Organization, UNICEF, the World Bank and other actors was critical to the establishment of the Global Fund to Fight AIDS, Tuberculosis and Malaria[19] and the Global Alliance for Vaccines and Immunization (GAVI).[20] Both of these initiatives have now become independent organizations with international status and headquarters in Switzerland. Although United Nations representatives continue to be directly involved in various aspects of their governance and operational activities, these organizations have independent and fully multi-stakeholder governance arrangements. The approach of developing new independent entities of this kind should be considered as well as part of further discussion concerning the feasibility of a new fund in the area of business and human rights.

III. Summary of stakeholder views

27. This section provides a summary of stakeholder submissions concerning the potential for a new fund to support implementation of the Guiding Principles. The views of stakeholders are summarized around three central issues: a) the possible mandate for a new fund; b) how a fund of this kind could be most effectively governed, and; c) what issues should be considered with respect to sources of funding.

[18] http://www.ranaplaza-arrangement.org/.

[19] http://www.theglobalfund.org.

[20] http://www.gavialliance.org.

28. It is noteworthy that in all of the written submissions received by OHCHR as well as in comments made at the consultation session held during the 2013 Annual Forum on Business and Human Rights, there has been universal support for the proposal that a new fund in this area would be a potentially useful mechanism. However, as the sections below make clear, there is also an understandable diversity of views concerning potential priorities and governance arrangements for a new fund that will require careful consideration and further dialogue involving all stakeholders.

A. Stakeholder views on the mandate of a new Fund

29. Stakeholders hold a wide range of views concerning the most appropriate mandate for a potential fund to address capacity building needs with respect to the Guiding Principles. Most stakeholders who participated in the consultation process favour a mandate that would support a broad range of capacity building activities at local, national and international levels across all stakeholder groups. One submission suggested that a fund should prioritize multi-year capacity building projects rather than shorter term, one-off, projects or activities.

30. With respect to the types of activities such a fund could support, while nearly all submissions noted the value of awareness raising and training activities on the Guiding Principles for different stakeholders, there was less agreement in other areas as discussed below. Some submissions stressed the importance of a fund's mandate addressing equally all three pillars of the "Protect, Respect and Remedy" framework which the Guiding Principles operationalise. Others proposed that a fund in this area would need to set clear priorities and therefore focus, for example, on supporting activities relating to the second pillar on the corporate responsibility to respect human rights, while still others stressed the importance of prioritizing third pillar issues relating to access to effective remedies for victims of abuses.

31. Some stakeholders suggested that a new fund in this area could be mandated in part to support the ongoing activities of the Working Group on the issue of human rights and transnational corporations and other business enterprises (hereinafter, 'the Working Group'). Others noted that a fund could usefully facilitate greater access to key documents relating to business and human rights in multiple languages as well as provide travel grants for stakeholders otherwise unable to attend United Nations meetings relating to business and human rights such as the Annual Forum. It was also suggested that the mandate should encourage projects that contribute to the development of good practice globally, are replicable and could be scaled up in the future. In this context, it was proposed that a fund should consider sponsoring expert meetings, and exchanges of experiences among stakeholders as well as diagnostic activities that build understanding of how to apply the Guiding Principles to greatest effect in a given country, business sector or on other clearly identified issues.

32. With respect to what actors should be eligible for support, submissions varied considerably. Some suggested that all stakeholder groups should benefit equally from a new fund. Others noted that the Secretary-General and the Working Group have previously stressed the need to assist human rights defenders as well as organizations that work directly with victims of rights violations involving non-state actors and that a new fund should therefore prioritize support for such actors. It was suggested in this context that priority should be given to projects and initiatives centered on those that are affected or likely to be affected negatively as a result of business activities. The potential for a fund to enable rights-holders and civil society organizations to play a watchdog role and perform research to monitor the implementation of the Guiding Principles was also noted.

33. Prioritizing the empowerment of human rights defenders such as those addressing land and environmental related issues was proposed as well, in particular with regard to their efforts to ensure access to remedies for victims. It was suggested that the fund could also support projects that would build the capacity of affected workers and communities to use and test the effectiveness of grievance mechanisms consistent with the Guiding Principles. Still others stressed the importance of projects at the local and national level aimed at increasing the capacity of indigenous peoples and other marginalized stakeholders as well as activities directly proposed and implemented by these groups. It was noted in this context that organizations and groups, in particular indigenous peoples, should not be required to be legally registered in their countries of origin in order to obtain funds.

34. Some stakeholder submissions suggested that priority should be given to supporting activities, which increase the capacity of small and medium size enterprises, especially those operating in developing countries. A significant number of stakeholders also highlighted the importance of activities that would encourage multi-stakeholder cooperation such as worker/employer dialogue on specific human rights issues and new public-private partnerships focused on implementing the Guiding Principles in specific industry sectors or countries. It was also suggested that capacity building activities, designed in partnership with indigenous peoples, for State and private sector actors in relation to indigenous peoples' rights in the context of business activities impacting on them, should be considered.

35. A few stakeholders also emphasized the potential for a fund to assist governments with limited capacities to fulfill their duty to protect as set out in the Guiding Principles. The role of national human rights institutions in this area should also be considered.

36. With respect to the aim of mainstreaming the Guiding Principles throughout the United Nations system, most submissions noted that while OHCHR and other United Nations actors would be critical partners in ensuring the effective implementation of a fund in this area, priority should not be given to building United Nations capacities through the fund's mandate as this would draw resources away from other actors with limited ability to access funding through other means. It was noted however that engagement by United Nations Country Teams and all other components of the United Nations in capacity-building efforts relating to business and human rights, especially in developing countries, was of importance and that grants administered by a fund should wherever possible coordinate with and encourage such engagement.

37. Finally, on the potential of a fund to include in its mandate evaluation and dissemination of good practices in this field, stakeholder submissions provided a number of possible areas for further study and dialogue. For example, it was suggested that a key role for a fund could be to build and host a global database containing good practices as well as identification of outstanding needs and opportunities for further implementation of the Guiding Principles around the world. It was also proposed that over time a new fund could potentially serve as a focal point for information and expertise and complement existing efforts by the Working Group, OHCHR and other actors within and outside the United Nations system. In this context, it was noted that potential links between a fund and the Annual Forum on Business and Human Rights, the work of the United Nations Global Compact and other United Nations partnership initiatives involving the private sector should be considered further as well.

38. The importance of ensuring effective coordination of any activities of a fund with the Working Group was also stressed, given its critical mandate to identify, exchange, and promote good practices and lessons learned on the implementation of the Guiding Principles as well as its role in providing support for efforts to promote capacity building and the use of the Guiding Principles by all actors. As the Working Group's own

submission to the consultation process stresses, a new fund in this area should contribute to advancing the creation of a robust global regime on business and human rights.

B. Stakeholder views on the governance of a new fund

39. Stakeholder views concerning the most effective and appropriate governance mechanism for a proposed new fund varied considerably. A large majority of submissions did indicate that OHCHR should be a key actor in administering a fund in this area. Some stakeholders also stated that the Working Group should play a central role in shaping a fund's strategic approach. A number of submissions also stressed the importance of ensuring an efficient governance structure and limiting administrative costs.

40. There is less agreement amongst stakeholders concerning the extent to which a fund in this area should follow established United Nations voluntary trust fund models. Some submissions indicated that multi-stakeholder governance, with special emphasis on the participation of business in deliberations, was of importance in engaging a significant number of businesses as financial contributors to a fund and to ensuring its long-term impact. In this context, it was suggested that a multi-stakeholder governance structure could be another important way of ensuring that all stakeholders in the business and human rights agenda continue to work together to advance impleme .tation of the Guiding Principles. Additional research and consultation was proposed in order to more fully consider the experience of funds and entities operating in other areas governed by multi-stakeholder structures, and to explore appropriate due diligence safeguards.

41. Other submissions stressed that any governance model should not only include representation of international civil society organizations, but also grassroots organizations which could contribute to integrating the perspectives of rights holders and local communities into decisions taken by a fund. It was also suggested that an outside organization with experience administering multi-stakeholder processes could be tasked with administering a fund assuming that necessary integrity and transparency measures were assured. A possible role for the United Nations Global Compact in the governance of a fund was also suggested.

42. A number of submissions indicated that some form of multi-stakeholder participation in administering a fund, consistent with United Nations Financial Rules and Regulations, should be explored further. For example, it was suggested that a multi-stakeholder advisory board could be established to provide overall strategic guidance but should not have authority with respect to decision-making on individual projects to be supported or on matters relating to who can contribute or benefit from funding. Others proposed a Board of Trustees model based on established OHCHR administered voluntary trust funds. The importance of selecting members for a Board who are familiar with all of the relevant constituencies while ensuring independence of the collective decision-making in the approval of grants was stressed. It was also proposed that donors to a fund, public and private, should not have a direct role in governance mechanisms to avoid any conflict of interest.

43. Finally, with respect to monitoring and evaluation, some submissions suggested that grants could potentially be effectively administered and evaluated through existing United Nations agencies, in..uding at national level, in order to minimize overhead costs. It was also suggested that an external evaluation of a fund after five years of operations should be planned from the outset.

C. Stakeholder views on sources of support for a new fund

44. On the subject of funding sources, stakeholder submissions were largely in agreement that a new fund in this area should be able to accept financial contributions from any actor, including States, businesses, philanthropic organizations and individuals. The importance of ensuring full transparency of donors and allocation of resources to individual projects was also widely highlighted as being key to establishing and maintaining a fund's legitimacy and independence. A number of submissions stressed that securing broad based financial support from a range of governments, major businesses, foundations and other actors was also a key determinant of the independence and credibility of any fund in this area.

45. There was less agreement among stakeholder submissions on the most desirable level of donor involvement in the strategic direction and governance of a fund. Some submissions stressed that the most effective means to avoid potential conflicts of interest involving individual donors would be through developing a transparent governance system, and by ensuring that individual donors do not have direct influence over the criteria to select eligible recipients, funding priorities, or the allocation of funds. This view essentially favors governance and resource allocation being completely independent from donors to a fund.

46. In contrast, other stakeholders suggested that involving donors more directly was necessary both in order to attract donations, in particular from the private sector, but also to ensure effective decision-making and long-term impact. Some suggested that businesses would potentially be interested in making non-earmarked contributions to the fund in exchange for public acknowledgement of their support. From this perspective, ensuring that all contributions are non-earmarked is viewed as preventing the necessity of limiting the percentage of overall funding from any individual donor. Others suggested that further consideration should be given to the possibility of earmarked funding given the potential for attracting more donors to specific aspects of a fund's mandated activities.

47. One suggestion proposed that further consideration should be given to requiring applicants to secure at least one other donor in addition to the fund, or to make their own financial contribution to a proposed project (consistent with the size and financial resources of the applicant organization), in order to be eligible for funding. This approach is seen, by those proposing it, to be one way of avoiding exclusive dependence on a United Nations fund, as well as encouraging more sustainable projects with the potential of becoming increasingly financially independent over time.

48. Finally, with respect to the issue of donors providing resources for a fund in addition to their commitments in other areas, some stakeholders suggested that competition between different projects, funds, agencies and institutions for limited resources was inevitable and therefore not a matter for further discussion. Others proposed that more consultation was needed in order to determine the extent to which significant additional financial resources could be secured to support a new fund. From this viewpoint, it was stressed that resources for a fund focused on implementation of the Guiding Principles should not jeopardize the maintenance of existing funding levels for ongoing human rights activities in other areas. The diversity of views of stakeholders on this issue indicates that more consultation is clearly needed to clarify a number of outstanding questions relating to funding sources.

IV. Conclusions and recommendations

49. **As the Human Rights Council moves forward in its deliberations on the issue of enhancing the capacity of all stakeholders to implement the Guiding Principles, it is**

noteworthy that there appears to be broad agreement amongst all stakeholders that a new fund would be a useful mechanism to advance implementation, and that such a fund should be able to accept financial contributions from any actor, including States, businesses, philanthropic organizations and individuals. There is also broad agreement on the importance of appropriate safeguards for legitimacy and independence, including by ensuring full transparency of donors and allocation of resources to individual projects as key to establishing and maintaining a fund's legitimacy and independence.

50. Given the importance that all actors have placed on the interrelated nature of the three pillars of the Protect, Respect and Remedy framework, it seems evident that the mandate for such a fund should be broad, with the ability to support projects to advance implementation and capacity building needs concerning the Guiding Principles at all levels of governance and across all relevant stakeholder groups. It also appears to be a widely shared view that a new fund should be designed in a way that will encourage further multi-stakeholder cooperation.

51. However, as the consultation process has indicated, there remains a diversity of views on a number of core issues such as the desirable scope of a potential fund's mandate, criteria for eligibility and governance models that can only be resolved through further study and multi-stakeholder dialogue.

52. With these broad points in mind, more focused dialogue involving all actors is needed in order to make further progress and develop concrete recommendations for the mandate, governance structure and funding sources for a future fund. To this end, it is recommended that the High Commissioner for Human Rights leads a multi-stakeholder consultation process to develop concrete fund model recommendations. The consultation should involve all relevant stakeholder groups, including representatives of governments, the private sector, civil society and grass roots organizations, the Working Group on the issue of human rights and transnational corporations and other business enterprises as well as other relevant experts from within and outside the United Nations system.

53. The experience of existing United Nations trust funds, public-private partnerships and other funding models administered through multi-stakeholder governance structures should inform these deliberations.

54. OHCHR should, through the consultative process, develop concrete recommendations of model funds for wide discussion, using the third annual Forum on Business and Human Rights as a venue for garnering a broad-based stakeholder perspective. Following feedback at the Forum, OHCHR could organize an expert-level consultation in early 2015 with a view to developing a recommended structure and mandate for the fund, to be submitted to the Human Rights Council for their consideration in June 2015.